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World Production and Trade

United States
Department of
Agriculture

Foreign
Agricultural
Service

Washington, D.C. 20250

Weekly
Roundup

WR 26-87

July 1, 1987

The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade.

GRAIN AND FEED

CURRENT SERIAL RECORDS

EC Moves To Implement U.S.-EC Enlargement Agreement. The European Community (EC) reportedly is leaning toward direct cuts in its corn import levy applied only to Spain as a way of implementing the U.S.-EC enlargement agreement. Two other methods of implementing the agreement might be a tender system to determine levy levels or direct imports by the Spanish Intervention Board. EC officials believe that it may be necessary to cut levies by about 40 European Community Units (ECU) from the present level of about 178 ECUs to import the 2 million tons of corn and 300,000 tons of sorghum needed to fulfill the agreement. Implementation of the special import procedure is not expected until after the Spanish harvest period to avoid additional downward pressure on prices and/or price distortions between corn and other grains. The United States is expected to be the primary supplier of these imports.

OILSEEDS AND PRODUCTS

BRAZIL Suspends Registrations of Soybeans and Products. Officials of the Bank of Brazil report that new export registrations for soybeans and products will not be issued, according to the U.S. agricultural officer in Sao Paulo. This is a temporary ban--similar to one imposed at this point in the season in recent years--so that bank officials may reevaluate the domestic supply situation. According to bank officials, export registrations as of June 12 were soybeans, 3.0-3.5 million tons; soybean meal, 5.1 million tons; and soybean oil, 899,000 tons. Trade sources indicate that the high level of exports during the first half of the marketing year could mean imports of soybeans and/or soybean oil later on.

COTTON AND FIBERS

Expanded Cotton Production Encouraged in CHINA. According to the U.S. agricultural counselor in Beijing, cotton farmers in China are being encouraged to increase production. Originally, policymakers thought that an increase in the procurement price for northern producing provinces could adequately meet rising consumption and export requirements. However, late last year a review of planting intentions and cotton sales to textile mills revealed that a price increase for southern producing provinces also was warranted. Since farmers are being encouraged to maintain the area devoted to grain and other cash crops, there is some doubt that the target of 19.5 million bales can be achieved.

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TURKEY'S Favorable Support Prices Encourage Expanded Output. According to the U.S. agricultural attache in Ankara, Turkey's 1987/88 cotton crop is forecast at 2.3 million bales, 6 percent above last year's revised estimate of 2.2 million bales; planted area increased 4 percent. Cotton, which normally competes with wheat, soybeans and sunflowers, received a 20-percent price increase. While this is in line with the increases announced for soybeans and sunflowers, the price for wheat is much greater and as a result, some cotton farmers in the Cukurova region may have switched to wheat. Cotton planting is complete in all regions except the Aegean.

SPAIN'S Production Forecast Up due to Increase in Plantings. According to the U.S. agricultural counselor in Madrid, Spain's 1987/88 cotton crop is forecast at 416,000 bales, 12 percent above last year's revised crop estimate of 372,000 bales due to a 10-percent increase in planted area. This year's crop is projected to exceed the maximum amount eligible to receive special price support assistance. A cut in production aid to growers was imposed last year as output exceeded the maximum guarantee amount, fixed at 185,000 tons of seed cotton.

VEGETABLES

CHINA'S Vegetable Output Responds to Reforms. Reforms in China's production and marketing system for vegetables have greatly increased vegetable supplies, according to the U.S. agricultural counselor in Beijing. Data from China's State Statistical Bureau indicate that in 1986, 23 million tons of vegetables were harvested from 790,000 hectares. Compared to 1985, 19 percent more vegetables were obtained from 8 percent more area. Under the reformed system, peasants are allowed to plant as much as they like of what they want to grow and to market their output directly to the consumer, to wholesale markets or to state-owned shops. In most cases the price is freely negotiated between the buyer and the seller. Vegetable prices have been very favorable and producers have responded by sharply increasing the supply sent to urban areas. Several major cities reported vegetable supply increases of more than 50 percent in 1986.

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SUGAR

Sugar Production in CHINA Revised Upward. The 1986/87 sugar outturn in China is now estimated at 5.36 million tons (raw value), up 2 percent from the previous estimate, according to the U.S. agricultural counselor in Beijing. Following the close of the 1986/87 sugarcane milling season, sugar output was higher than anticipated. The increased output was attributed to the use of improved cane varieties and favorable weather in the cane-producing region. Although significant reductions were expected to occur because of a decrease in cane area, better than expected yields were noted, especially in Guangdong province, the major sugar-producing area in China. In Guangdong, 1986/87 area was down by about 10 percent from the previous year, but sugar production only decreased by 2 percent.

Sugar Production in GREECE Forecast To Drop Substantially. The 1987/88 estimate of beet sugar output in Greece has been revised downward to 210,000 tons (raw value), a drop of 35 percent from the first forecast of 325,000 tons, according to the U.S. agricultural attache in Athens. This compares with an estimated 287,000 tons (revised) produced in 1986/87. Although the Greek sugar industry was planning a sugarbeet area of 45,000 hectares in 1987/88, only 28,500 hectares were planted. The sowing of the crop faced serious problems from disastrous March weather. Weeks of freezing temperatures and snow, followed by floods, were the major reasons for the reduced area. The industry had hoped for a quick reseeding after the disastrous weather by offering free seed to those farmers willing to replant, but the results fell short of expectations. A shortage of sugar for direct consumption and the food industry is foreseen. Greece may need to import between 120-140,000 tons of sugar from July 1987 to June 1988.

EXPORT ENHANCEMENT INITIATIVES

The status of USDA's Export Enhancement Program as of June 25, 1987, was as follows in metric tons:

ANNOUNCED INITIATIVES	DATE ANNOUNCED	QUANTITY/RESULTS
69. Israel wheat	May 29, '87	200,000
68. Bangladesh wheat	May 22, '87	100,000
67. Soviet Union wheat	Apr. 30, '87	4,000,000 COMPLETE
66. Turkey rice	Apr. 3, '87	70,000
65. Colombia barley malt	Apr. 3, '87	15,000
64. Iraq table eggs	Feb. 20, '87	189 million eggs
63. Canary Islands poultry	Feb. 9, '87	5,000 Sold 1,000
62. Nigeria wheat	Jan. 28, '87	500,000
61. China wheat	Jan. 26, '87	1,000,000 COMPLETE
60. Iraq wheat	Jan. 16, '87	800,000 Sold 605,000
59. Switzerland barley or sorghum	Jan. 16, '87	250,000 Sold 9,000
58. Poland wheat	Jan. 7, '87	500,000 COMPLETE

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EXPORT ENHANCEMENT PROGRAM INITIATIVES (CONT)

57.	Poland barley or sorghum	Dec. 31, '86	200,000	Sold 137,000
56.	Romania wheat	Dec. 23, '86	250,000	
55.	Iraq poultry	Dec. 22, '86	60,000	COMPLETE
54.	Dominican Republic	Dec. 9, '86	25 million	Sold 11.1
	table eggs		eggs	million eggs
53.	Zanzibar wheat flour	Dec. 9, '86	20,000	Sold 6,000
52.	Tunisia barley	Dec. 1, '86	150,000	
51.	Gulf countries (Bahrain, Kuwait, Oman, Qatar, United Arab Emirates)	Oct. 30, '86	1,500 head	Sold 740
	dairy cattle			
50.	West Africa (Benin, Burkina Faso, Cameroon, Cote d'Ivoire, Ghana, Gabon, Liberia, Niger, Togo) wheat	Oct. 30, '86	345,000	Sold 95,750
		June 15, '87	185,000	
49.	Dominican Republic	Oct. 29, '86	1,500	Sold 1,133
	poultry			
48.	Philippines barley malt	Oct. 20, '86	60,000	Sold 25,000
47.	Cameroon wheat flour	Oct. 14, '86	20,000	
46.	Romania barley	Sept. 24, '86	200,000	Sold 125,000
45.	Venezuela barley malt	Sept. 4, '86	100,000	
44.	Cyprus barley	Aug. 26, '86	150,000	Sold 118,000
43.	Canary Islands wheat	Aug. 8, '86	100,000	
42.	Egypt semolina	Aug. 6, '86	30,000	Sold 23,000
41.	Soviet Union wheat	Aug. 1, '86	4,000,000	EXPIRED
40.	Canary Is. dairy cattle	July 28, '86	3,000 head	Sold 2,825
39.	Hong Kong table eggs	July 28, '86	44 million	COMPLETE
			eggs	
38.	Senegal wheat	July 17, '86	100,000	COMPLETE
37.	India vegetable oil	July 8, '86	25,000	COMPLETE
36.	Jordan barley	June 17, '86	60,000	
35.	Israel barley	June 17, '86	200,000	Sold 107,324
34.	Tunisia dairy cattle	May 29, '86	4,000 head	COMPLETE
33.	Algeria dairy cattle	May 29, '86	5,000 head	COMPLETE
32.	Sri Lanka wheat	May 16, '86	125,000	COMPLETE
		March 5, '87	95,000	Sold 85,000
31.	Saudi Arabia barley	May 7, '86	500,000	COMPLETE
		Aug. 6, '86	250,000	COMPLETE
		Sept. 16, '86	300,000	COMPLETE
		Oct. 8, '86	200,000	COMPLETE
				(201,000)
		Jan. 5, '87	1,250,000	COMPLETE
		May 15, '87	500,000	COMPLETE
30.	Algeria barley	Apr. 17, '86	500,000	Sold 36,000
29.	Morocco dairy cattle	Apr. 16, '86	4,000 head	COMPLETE
28.	Turkey dairy cattle	Apr. 16, '86	5,000 head	COMPLETE
		June 18, '86	5,000 head	

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EXPORT ENHANCEMENT PROGRAM INITIATIVES (CONT)

27. Egypt dairy cattle	Apr. 16, '86	6,000 head	COMPLETE
	Sept. 12, '86	10,000 head	Sold 2,801
26. Yemen poultry feed	Apr. 14, '86	150,000	Sold 108,668
25. Yugoslavia wheat	Apr. 10, '86	200,000	COMPLETE
	June 24, '86	200,000	COMPLETE
	Oct. 7, '86	500,000	Sold 213,050
24. Indonesia dairy cattle	Apr. 9, '86	7,500 head	COMPLETE
	June 18, '87	8,000 head	
23. Syria wheat	Apr. 8, '86	700,000	CANCELLED
22. Benin wheat (remaining 15,000 tons transferred to West Africa	Apr. 7, '86	45,000	COMPLETE
21. Algeria table eggs	Apr. 4, '86	500 million eggs	
20. Iraq dairy cattle	Apr. 4, '86	6,500 head	Sold 2,028
19. Jordan wheat	Mar. 19, '86	75,000	COMPLETE
	June 20, '86	75,000	COMPLETE
	Dec. 31, '86	225,000	COMPLETE
18. Tunisia wheat	Mar. 18, '86	300,000	COMPLETE
	Aug. 22, '86	800,000	Sold 300,000
17. Algeria wheat flour	Feb. 25, '86	100,000	
16. Algeria semolina	Feb. 11, '86	250,000	Sold 30,000
15. Philippines wheat	Jan. 7, '86	150,000	COMPLETE (152,400)
14. Zaire wheat	Dec. 27, '85	35,000	COMPLETE
	May 15, '86	45,000	COMPLETE
	Oct. 17, '86	40,000	COMPLETE
13. Nigeria barley malt	Dec. 10, '85	100,000	Sold 23,764
12. Iraq wheat flour	Dec. 9, '85	150,000	COMPLETE
	Jan. 7, '87	175,000	Sold 75,000
11. Egypt poultry	Nov. 26, '85	8,000	COMPLETE
	Mar. 21, '86	15,000	COMPLETE
	June 18, '86	5,000	COMPLETE
	July 8, '86	15,000	COMPLETE
	Dec. 19, '86	25,000	COMPLETE
	Feb. 27, '87	6,000	
10. Zaire wheat flour	Nov. 18, '85	64,000	COMPLETE
	May 15, '86	30,000	Sold 15,000
9. Philippines wheat flour	Nov. 15, '85	100,000	Sold 50,000
8. Jordan rice	Nov. 8, '85	40,000	Sold 38,700
	Jan. 13, '87	60,000	
7. Turkey wheat	Oct. 16, '85	500,000	COMPLETE (506,600)
	May 8, '86	500,000	Sold 248,000
6. Morocco wheat	Sept. 30, '85	1,500,000	COMPLETE
	Dec. 9, '86	790,000	COMPLETE
5. Yemen wheat	Sept. 6, '85	100,000	COMPLETE
	Jan. 26, '87	100,000	COMPLETE

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EXPORT ENHANCEMENT PROGRAM INITIATIVES (CONT)

4. Yemen wheat flour	Aug. 20, '85	50,000	COMPLETE
	Apr. 14, '86	100,000	COMPLETE
	May 18, '87	100,000	Sold 50,000
3. Egypt wheat	July 26, '85	500,000	COMPLETE
	Oct. 30, '85	500,000	COMPLETE (512,500)
	June 24, '86	500,000	COMPLETE
	July 29, '86	52,000	COMPLETE
	Oct. 8, '86	1,000,000	COMPLETE
2. Egypt wheat flour	July 2, '85	600,000	COMPLETE
	Aug. 6, '86	600,000	
1. Algeria wheat (ex durum)	June 4, '85	1,000,000	COMPLETE
wheat (ex durum)	Apr. 10, '86	1,000,000	Sold 616,000
durum	Nov. 10, '86	300,000	COMPLETE
durum	Mar. 16, '87	300,000	COMPLETE

EXPORT ENHANCEMENT PROGRAM SUMMARY

Announced as of June 25, 1987

Announced to Date 28,285,680 tons grains and products (grain equivalent)
 758 million table eggs
 140,500 tons frozen poultry
 65,500 head dairy cattle
 25,000 tons vegetable oil

Sold to Date 16,426,309 tons wheat
 1,593,096 tons flour (grain equivalent)
 3,427,324 tons barley
 72,610 tons semolina (grain equivalent)
 64,996 tons barley malt (grain equivalent)
 106,000 tons sorghum
 38,700 tons rice
 108,668 tons poultry feed
 25,000 tons vegetable oil
 130,133 tons frozen poultry
 39,894 head dairy cattle
 54,572,004 table eggs

Total Sales Value: \$2,070.6 million
 Estimated Bonus Book Value: \$1,383.0 million
 Market Value of Awards: \$982.4 million

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Selected International Prices

Item	:	June 30, 1987	:	Change from	:	A year
	:		:	a week ago	:	ago
ROTTERDAM PRICES 1/		\$ per MT	\$ per bu.	\$ per MT		\$ per MT
Wheat:						
Canadian No. 1 CWSR-13.5%.		141.00	3.84	-0.50		N.Q.
U.S. No. 2 DNS/NS: 14%....		135.00	3.67	-0-		133.00
U.S. No. 2 S.R.W.		117.00	3.18	-2.00		116.50
No. 3 H.A.D.....		155.00	4.22	-3.00		114.00
Canadian No. 1 A: Durum10/		155.00	4.22	+0.50		N.Q.
Feed grains:						
U.S. No. 3 Yellow Corn....		95.00	2.41	-1.00		106.00
Soybeans and meal:						
U.S. No. 2 Yellow.....		219.65	5.98	--		203.30
Brazil 47/48% Soya Pellets11/		216.00	--	+4.00		187.00
U.S. 44% Soybean Meal..12/		203.00	--	-2.00		179.00
U.S. FARM PRICES 3/						
Wheat.....		87.81	2.39	-0.73		77.15
Barley.....		61.55	1.34	-1.84		61.09
Corn.....		65.35	1.66	-0.78		85.83
Sorghum.....		58.64	2.66 2/	-0.66		81.35
Broilers.....		1,017.42	--	+34.17		1,498.91
EC IMPORT LEVIES						
Wheat 5/.....		227.75	6.20	+2.21		153.58
Barley.....		223.45	4.87	+1.19		155.96
Corn.....		203.15	5.16	+1.63		147.03
Sorghum.....		211.47	5.37	-0.32		162.40
Broilers 4/ 6/ 8/.....		518.00	--	-1.00		348.00
EC INTERVENTION PRICES 7/ 9/						
Common wheat(feed quality)		218.08	5.94	+1.16		199.34
Bread wheat (min. quality)		228.24	6.21	+1.21		211.70
Maize.....		228.24	5.80	+1.21		211.70
Barley and all other feed grains, excluding maize.		218.08	--	+1.16		199.34
Broilers 4/ 6/.....		1,564.00	--	-16.00		1,420.00
EC EXPORT RESTITUTIONS (subsidies)						
Wheat		N.A.	--	--		N.A.
Barley.....		N.A.	--	--		N.A.
Broilers 4/ 6/ 8/.....		421.00	--	-1.00		256.00

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Hundredweight (CWT). 3/ Five-day moving average. 4/ EC category--70 percent whole chicken. 5/ Reflects lower EC export subsidy--down to 20.00 ECU/100 bag effective 9/14/83 from 22.50 ECU/100 bag set in 2/83. 6/ F.o.b. price for R.T.C. broilers at West German border. 7/ Reference price. 8/ Reflects change in level set by EC. 9/ Changes may be due partly to exchange rate fluctuations and/or ECU payments. 10/ September/October shipment. 11/ July/September shipment. 12/ October/December shipment. N.A.=None authorized. N.Q.=Not quoted. Note: Basis July delivery.

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